

Voluntary - Public

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Thailand

Post: Bangkok

Intervention Stock Bidding Result

Report Categories:

Grain and Feed

Approved By:

Gary Meyer, Agricultural Counselor

Prepared By:

Ponnarong Prasertsi, Agricultural Specialist

Report Highlights:

The bidding prices for 5% grade white rice of MY2007/08 – MY2008/09 crop were 15-40 percent lower than current market prices. The final result is expected to be proposed to the Commerce Minister on May 12 with anticipated losses between \$90 - \$140/ton.

General Information:

Bidding prices far below current market prices

The May 6 government intervention stock tender for 3.0 million tons for exports attracted a large number of participants, including 32 small to large rice exporters (TH9068). Bidding prices for 5% grade white rice of MY2007/08 – MY2008/09 crop, which comprised the majority of the tender, were 15-40 percent lower than current market prices which are at approximately \$510-\$530/MT (FOB). Some of the top five exporters, proposed to buy the whole lot.

Table: Bidding offered for rice intervention stock tender on May 6 2009

Quality	2001/02 - 2006/07		2007/08		2008/09	
	Tender (Ton)	Bidding prices min/max (Baht/Ton)	Tender (Ton)	Bidding prices Baht/Ton	Tender (Ton)	Bidding prices Baht/Ton
White rice	28,058		1,024,705		1,462,072	
WR 5%	1,515	8,500/10,000	1,008,709	10,700/15,500	1,440,983	10,800/15,220
WR 10%	17	13,000/13,000	10,547	13,500/13,500	-	-
WR 15%	-		1,974	12,500/12,500	-	-
WR 25% super	26,525	7,000/8,050	3,476		21,089	8,000/10,500
Prathum fragrant rice	-		13,475		335,641	
Prathum (no grade)	-		13,475	13,550/18,500	213,913	11,750/17,000
Prathum 100 B	-		-		121,728	11,750/17,000
Fragrant rice	771		-		77,431	
FWR (no grade)	771	14,000/14,450	-		-	
FWR 100 B	-		-		9,700	15,300/24,500
FWR province	-		-		40,497	12,500/21,500
FWR province 100 B	-		-		27,234	12,500/21,500
GL 10%	-		-		102,016	8,200/10,600
Grand total	28,829		1,038,180		1,977,159	

Exchange rate: 34.4 baht/\$

Source: Public Warehouse Organization, Ministry of Commerce

Tender result expected within a week with anticipated government losses

The results of final negotiations are expected to be proposed to the Commerce Minister on May 12. The Government plans to negotiate for higher prices, as the benchmark is based on current market prices which are around 16,500 baht/ton (\$510/MT, FOB) for 5% grade white rice. If approved at currently negotiated prices, the stock release of MY2007/08 second crop could generate losses of around 7,000 baht/ton (\$198/MT) for the Government as current market prices are approximately 30 percent below acquisition prices. Meanwhile, the release of MY2008/09 intervention stock is estimated to incur losses of around 3,000 – 5,000 baht/ton (\$90-\$140/MT).

End of report.